

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' PLAN 2 RETIREMENT BOARD

Fish and Wildlife Service Credit Transfer Preliminary Follow-up Report

December 8, 2005

1. Issue

The Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board requested a follow-up on the transfer of service credit for fish and wildlife officers from the Public Employees' Retirement System (PERS) Plan 2 to LEOFF Plan 2.

2. Staff

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3. Members Impacted

The original fiscal note for HB 1205 in January 2003, estimated there were 72 PERS members (66 in PERS Plan 2 & 6 in PERS Plan 3) actively employed by the Department of Fish and Wildlife and recognized as general authority peace officers, who would be affected by this legislation. The current number of active LEOFF Plan 2 Fish and Wildlife Enforcement Officers with service credit in PERS Plan 2 or 3 is 77. Any former Fish and Wildlife Officers who become re-employed after July 23, 2003, could also be affected when they return.

4. Current Situation

In 2003, legislation was passed (HB 1205), which required Fish and Wildlife Enforcement Officers who were members of PERS Plan 2 or Plan 3 on or before January 1, 2003, and were employed on July 27, 2003, to become a member of LEOFF Plan 2, effective July 27, 2003.

Service earned prior to July 27, 2003 remained in PERS and the employee became a dual member. The bill also required new employees hired on or after July 27, 2003, to enter LEOFF Plan 2 membership. The bill specifically excluded employees who were members of PERS Plan 1 from LEOFF Plan 2 membership and required them to continue to be reported in PERS Plan 1.

5. Background Information and Policy Issues

History

In 2002, the Legislature passed ESSB 6076, which expanded the definition of general law enforcement officer to include Fish & Wildlife Enforcement Officers. However, the same legislation also excluded the Department of Fish and Wildlife as a LEOFF employer.

In 2003, HB 1205 was passed which removed the exclusion of the Department of Fish and Wildlife as a LEOFF employer. In addition, HB 1205 added a new section to PERS (RCW 41.40.096) which mandated PERS Plan 2 or 3 members employed as Fish & Wildlife Enforcement Officers into LEOFF Plan 2, and specifically stated PERS service credit could not be transferred. It further required PERS Plan 1 members employed as Fish and Wildlife Enforcement Officers to remain in PERS Plan 1.

Policy Issue

Should LEOFF Plan 2 Fish and Wildlife Enforcement Officers who have service credit in PERS Plan 2 have the opportunity to transfer that service to LEOFF Plan 2? Some points to consider are:

- Prior groups that were allowed membership into LEOFF Plan 2 have been given the option of moving prior PERS service in those positions into LEOFF Plan 2
- Members who had previously transferred to PERS Plan 3 from PERS Plan 2 were not allowed to transfer their PERS Plan 3 service credit to LEOFF Plan 2¹.

7. Policy Options

Moving service credit from PERS Plan 2 to LEOFF Plan 2 creates a liability to LEOFF Plan 2. The cost is partially offset by three payment sources. The first source comes from billing the member for the contribution rate differential between LEOFF Plan 2 and PERS Plan 2 rates plus interest. The second payment source comes from transferring member contributions and interest from their PERS account associated with the transferred service. The final source comes from transferring the employer contributions and interest in PERS for the service associated with the transferred service. Any additional cost or liability left would be paid for under one of the following options:

- **Option 1: Department of Fish & Wildlife would pay the additional cost**
This option would require the Department of Fish and Wildlife to pay into the LEOFF Plan 2 retirement fund a lump-sum amount sufficient to fund the service credit transfer from PERS Plan 2 to LEOFF Plan 2.

- **Option 2: The additional cost would be paid by a rate contribution rate increase**
This option would require a one basis point increase in both the member and state contribution rates.

7. Supporting Information

Endnotes

- 1 Department of Retirement Systems' fiscal note under Administrative Assumptions for SHB 1202 in 2003, and SHB 1936 in 2005..

Appendix A – Bill Comparison Chart.

APPENDIX A – Bill History of Groups Allowed into LEOFF Plan 2

Year and Bill Number	Description	Member Options	Member Costs by Option	Employer Costs by Option
HB 1205 2003	Requires Fish & Wildlife Enforcement Officers to become members of LEOFF Plan 2 on the effective date of the bill	None	None	None

Year and Bill Number	Description	Member Options	Member Costs by Option	Employer Costs by Option
HB 1936 2005	Allows emergency medical technicians who are members of PERS providing emergency medical services for a city, town, county, or district to apply for membership in LEOFF Plan 2	1. Transfer past PERS EMT service to LEOFF Plan 2	1. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest	1. An amount sufficient to ensure the contribution level of current members of LEOFF Plan 2 will not increase due to the transfer plus an employer rate increase of one basis point
SHB 1202 2003	Allowed emergency medical technicians who were members of PERS providing emergency medical services for a city, town, county, or district whose job was relocated to a fire district to transfer PERS Plan 2 service credit as an EMT into LEOFF Plan 2	1. Transfer past PERS EMT service to LEOFF Plan 2	1. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest	1. None
SHB 2191	Allowed fire fighters at	1. Remain in PERS	1. None	1. None

Year and Bill Number	Description	Member Options	Member Costs by Option	Employer Costs by Option
1996	institutions of higher education with fully operational fire departments to apply for membership in LEOFF Plan 2	2. Join LEOFF Plan 2 retroactively	2. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest	2. Difference in employer contribution rates in PERS and the combined employer and state contribution rates in LEOFF Plan 2, plus interest; and an amount sufficient to ensure the contribution rate level of current members of LEOFF Plan 2, would not increase due to the transfer
SHB 1744 1993	Allowed police employed by the state's universities and port districts to apply for membership in LEOFF Plan 2	1. Remain in PERS 2. Join LEOFF Plan 2 retroactively	1. None 2. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest	1. None 2. Difference in employer contribution rates in PERS and the combined employer and state contribution rates in LEOFF Plan 2, plus interest